

Message Text

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ACTION EUR-12

INFO OCT-01 EA-12 ISO-00 AGRE-00 CEA-01 CIAE-00
COME-00 DODE-00 EB-08 FRB-01 H-02 INR-10 INT-05
L-03 LAB-04 NSAE-00 NSC-05 PA-02 CTME-00 AID-05
SS-15 STR-07 ITC-01 TRSE-00 ICA-20 SP-02 SOE-02
OMB-01 DOE-15 /134 W
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R 131744Z SEP 78
FM AMEMBASSY BRUSSELS
TO SECSTATE WASHDC 8709
INFO ALL EC CAPITALS
AMEMBASSY TOKYO

UNCLAS SECTION 01 OF 02 BRUSSELS 17375

GENEVA FOR STR DELEGATION

USEEC

E.O. 11652: N/A
TAGS: EEC, EP, ETC, MTN, GATT
SUBJECT: SEPTEMBER SESSION OF EUROPEAN PARLIAMENT DEBATES
EC COMMISSION STATEMENT ON PROGRESS OF MTN.

1. SUMMARY. SEPTEMBER 12, EC COMMISSION VICE PRESIDENT
HAFERKAMP GAVE THE EUROPEAN PARLIAMENT (EC) A STATUS
REPORT ON THE MTN, DESCRIBING THE SALIENT POINTS OF THE
JOINT DECLARATION ADOPTED BY THE PARTICIPATING COUNTRIES
JULY 13 AND EMPHASIZING THE EC'S DESIRE TO OBTAIN A
COMPREHENSIVE AND BALANCED PACKAGE ON WORLD TRADE
RELATIONS. EP REACTION TO THE STATEMENT WAS GENERALLY
CAUTIOUS, WITH PARLIAMENTARIANS SUPPORTING THE
COMMISSION'S POSITION IN THE MTN AND ARGUING IN FAVOR OF
STRENGTHENING GATT REGULATIONS. SKEPTICISM WAS EXPRESSED,
HOWEVER, ABOUT THE SUCCESSFUL CONCLUSION OF
NEGOTIATIONS BY THE END OF THE YEAR AND U.S. ABILITY
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TO BE FORTHCOMING IN LIGHT OF CONGRESSIONAL CONSTRAINTS.
END SUMMARY.

2. IN PRESENTING THE EP A STATUS REPORT ON THE MTN,
HAFERKAMP EXPRESSED THE COMMISSION'S CONVICTION THAT
THE NEGOTIATIONS CAN MAKE AN IMPORTANT CONTRIBUTION
TO FOSTERING FREE AND OPEN WORLD TRADE AND THAT THE

RESULT WILL BE AN ACID TEST OF THE RESOLUTION OF ALL PARTICIPATING COUNTRIES TO FIGHT PROTECTIONISM. HE EMPHASIZED THAT THE NEGATIVE IMPACT OF NON-TARIFF BARRIERS MUST BE REDUCED AND DISCIPLINE IN WORLD TRADE STRENGTHENED. HAFERKAMP REITERATED EC OBJECTIVES IN THE MTN, WHICH ARE TO ACHIEVE:

I. A SIMULTANEOUS REDUCTION AND HARMONIZING OF WORLD TARIFFS.

II. PRACTICAL AGREEMENTS IN ALL ECONOMIC TRADE SECTORS.

III. FULL INTERNATIONAL AGREEMENTS IN THE AGRICULTURAL SECTOR, PARTICULARLY IN CEREALS, MEAT AND MEAT PRODUCTS, AND DAIRY PRODUCTS; WHICH WOULD LEAD TO A STABLE EVOLUTION IN WORLD AGRICULTURAL POLICY; AND

IV. THE APPLICATION OF THE SAME TRADE RULES BY ALL THE NEGOTIATING STATES.

3. HAFERKAMP POINTED OUT THAT THERE HAS BEEN PROGRESS IN THE MTN, NOTING THE ADOPTION OF A COMMON DECLARATION JULY 13, WHICH WAS LATER WELCOMED AND SUPPORTED BY THE BONN ECONOMIC SUMMIT. HAFERKAMP EMPHASIZED, THAT WHILE THE DECLARATION WAS NOT INTENDED TO BE A "PREDICTOR OF RESULT" OF THE MTN, IT NEVERTHELESS LAID THE FOUNDATION

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UPON WHICH THE REST OF THE NEGOTIATIONS WILL UNFOLD. HE OBSERVED THAT THE DECLARATION GIVES PARTICULAR IMPORTANCE TO NON-TARIFF PROBLEMS, WHICH THE EC CONSIDERS TO BE ONE OF THE GREATEST STUMBLING BLOCKS TO FREE TRADE. MOREOVER, THE DECLARATION EMPHASIZES THE NEED TO APPLY THE GATT RULES EQUALLY TO ALL COUNTRIES, DEALS WITH THE NEED TO SOLVE AGRICULTURAL PROBLEMS BETWEEN COUNTRIES, AND RAISES THE POSSIBILITY OF A SELECTIVE PROTECTION CLAUSE. IN CONCLUSION, HAFERKAMP EMPHASIZED THAT ONLY "A BALANCED AND ALL-EMBRACING PACKAGE" WILL RECEIVE EC APPROVAL AND THAT EC RATIFICATION OF SUCH A PACKAGE WILL DEPEND ON THE "WILLINGNESS OF ITS PARTNERS TO THE NEGOTIATION TO RATIFY AS WELL".

4. HAFERKAMP'S STATEMENT WAS GREETED WITH CONSIDERABLE SKEPTICISM BY THE MP'S. WHILE THE COMMISSION'S POSITION THAT THE GATT RULES SHOULD BE STRENGTHENED IN ORDER TO TAKE ACCOUNT OF NEW REALITIES IN WORLD TRADE WAS WIDELY SUPPORTED BY THE EP, FEW SPOKESMEN FOR THE POLITICAL GROUPS WERE OPTIMISTIC OVER THE FINAL OUTCOME OF THE NEGOTIATIONS. PRIMARY FOCUS WAS ON THE FINAL U.S. ATTITUDE TO WHATEVER TRADE PACKAGE RESULTS: CITING THE INCREASING ROLE OF THE U.S

CONGRESS IN THE FORMULATION OF U.S. TRADE POLICY, THE BUY AMERICAN ACT, AND AMERICAN SELLING PRICE AS FACTORS CAPABLE OF SERIOUSLY AFFECTING THE U.S.'S ABILITY TO APPROVE OR RATIFY A PACKAGE, A NUMBER OF PARLIAMENTARIANS QUESTIONED WHETHER THE U.S. REALLY WANTS TO ACHIEVE A TRADE AGREEMENT. MOREOVER, A FEW MP'S QUESTIONED JAPAN'S SINCERITY IN THE NEGOTIATIONS AS WELL. A NUMBER OF MP'S QUESTIONED THE EFFECT OF THE MTN ON EC RELATIONS WITH THE DEVELOPING COUNTRIES. FINALLY, DOUBTS WERE EXPRESSED OVER CONCLUDING THE NEGOTIATIONS BY THE END OF THE YEAR.

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GENEVA FOR STR DELEGATION

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5. RESPONDING TO THE GENERALLY NEGATIVE COMMENTS ON HIS STATEMENT, HAFERKAMP EMPHASIZED THAT THE U.S. AND OTHER INDUSTRIALIZED COUNTRIES HAVE ACCEPTED THE CONTENTS OF THE JOINT DECLARATION AND THAT THEIR ACCEPTANCE INDICATES THEIR RECOGNITION OF THE NEED FOR UNIFIED CUSTOMS EVALUATION SYSTEM WHICH, WHEN PUT INTO EFFECT, WOULD RESULT IN, AMONG OTHER THINGS, THE DISAPPEARANCE OF THE AMERICAN SELLING PRICE. HE FURTHER POINTED OUT THAT AGREEMENT IN OTHER AREAS OF MTN WOULD RESULT IN MODIFICATION IN THE BUY AMERICAN ACT, AND HE REITERATED THAT EC RATIFICATION OF A FINAL PACKAGE IS CONTINGENT UPON THE ACCEPTANCE OF THIS PACKAGE BY ALL NEGOTIATING COUNTRIES. TURNING TO OTHER POINTS RAISED DURING THE DEBATE, HAFERKAMP

ARGUED THAT THE JOINT DECLARATION FULLY PROTECTS THE
DEVELOPING COUNTRIES BY GRANTING THEM ADDITIONAL TRADE
ADVANTAGES. MOREOVER, HE NOTED THAT THE COMMISSION HAS
MADE EVERY EFFORT TO INFORM THESE COUNTRIES CONTINUOUSLY
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OF NEGOTIATING DEVELOPMENTS AND TO URGE THEM TO
PARTICIPATE IN THE DISCUSSIONS. HINTON

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